

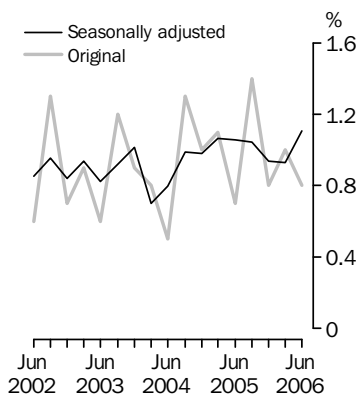
# LABOUR PRICE INDEX

AUSTRALIA

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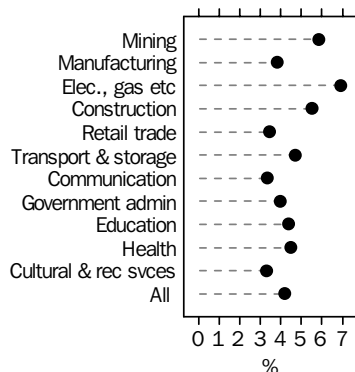
## WPI-Quarterly changes

Total hourly rates of pay excluding bonuses



## WPI-Annual change: original

Total hourly rates of pay excluding bonuses  
For selected industries



## INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or David Taylor on Perth (08) 9360 5151.

## KEY FIGURES

Wage Price Index (WPI)	Mar Qtr 2006 to	Jun Qtr 2005 to
	Jun Qtr 2006	Jun Qtr 2006
	% change	% change
<b>Total hourly rates of pay excluding bonuses</b>		
<b>Seasonally Adjusted</b>		
Australia	1.1	4.1
Sector		
Private	1.0	4.0
Public	1.2	4.4
<b>Original</b>		
Australia	0.8	4.2
Sector		
Private	0.8	4.0
Public	0.7	4.4

## KEY POINTS

### TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES

#### QUARTERLY CHANGES (MAR QTR 2006 TO JUN QTR 2006)

- The index for all employee jobs in Australia increased by 1.1%, seasonally adjusted.
- The increases in indexes (in original terms) at the industry level ranged from 0.3% for Accommodation, cafes and restaurants and Cultural and recreational services to 2.4% for Mining.
- Increases in the indexes (in original terms) at the occupation level ranged from 0.6% for Associate professionals and Advanced clerical and service workers to 1.1% for Tradespersons and related workers and Intermediate production and transport workers.

#### ANNUAL CHANGES (JUN QTR 2005 TO JUN QTR 2006)

- The seasonally adjusted increase through the year to June 2006 for all employee jobs in Australia was 4.1% (in trend terms, also 4.1%).
- Increases in the original indexes through the year to June 2006 at the industry level ranged from 3.3% for Accommodation, cafes and restaurants and Cultural and recreational services to 6.9% for Electricity, gas and water supply, compared with 4.2% for all industries.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
September 2006	15 November 2006
December 2006	21 February 2007

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## ABS DATA AVAILABLE ON REQUEST

Original indexes are compiled for various combinations of state/territory, sector (private/public), broad industry group and broad occupation group. Seasonally adjusted and trend indexes are compiled only for total hourly rates of pay excluding bonuses for each of the private sector, public sector and all sectors. Indexes not included in this publication may be made available on request by telephoning David Taylor on Perth (08) 9360 5151.

## FURTHER INFORMATION

More detailed information on the Labour Price Index (LPI) is available in *Labour Price Index: Concepts, Sources and Methods, Australia* (cat. no. 6351.0.55.001).

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## ABBREVIATIONS

ABS Australian Bureau of Statistics  
LPI labour price index  
WPI wage price index

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## COMMENTARY

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### SECTOR

For All sectors, the seasonally adjusted through the year movement of 4.1% compares to a 4.0% change for the year through to March quarter 2006. The seasonally adjusted through the year increase for the private sector has been steady at 4.0% for each of the last four quarters. The seasonally adjusted through the year movement for the public sector was 4.4%, compared with a 4.2% change for the year through to March quarter 2006.

### INDUSTRY/OCCUPATION

In original terms, the industries recording the largest increases for the period through the year to June quarter 2006 were Electricity, gas and water (6.9%), Mining (5.9%) and Construction (5.5%). Strong demand for skilled labour appears to be continuing with employers reporting increases are being paid to retain employees and match market rates. Amongst the broad occupation groups, the highest increases for the year through to June quarter 2006 were for Intermediate production and transport workers (4.8%), Tradespersons and related workers (4.7%) and Professionals (4.5%).

The industries recording the smallest increases for the period through the year to June quarter were Accommodation, cafes and restaurants (3.3%), Cultural and recreational services (3.3%) Retail trade (3.4%) and Communication services (3.4%).

### STATE

Increases for all states and territories for the June quarter 2006 were between 0.6% and 0.8%, with the exception of Western Australia with 1.3%. The Western Australian result was largely driven by the Private sector which recorded a rise of 1.4% for the period. Western Australia also recorded the largest increase for the year through to June quarter 2006 for the Private sector (5.1%).

Queensland recorded the largest All sector increase among the States and territories for the period through the year to June quarter 2006 (4.8%).

# WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES, Sector

Period	ORIGINAL			SEASONALLY ADJUSTED			TREND		
	Private	Public	All Sectors	Private	Public	All Sectors	Private	Public	All Sectors
INDEX NUMBERS (a)									
<b>2003</b>									
June	97.7	97.1	97.6	97.9	97.4	97.8	98.0	97.5	97.8
September	98.8	98.7	98.8	98.7	98.7	98.7	98.8	98.6	98.7
December	99.7	99.5	99.7	99.7	99.6	99.7	99.6	99.6	99.6
<b>2004</b>									
March	100.4	100.7	100.5	100.4	100.5	100.4	100.4	100.5	100.4
June	101.0	101.0	101.0	101.3	101.2	101.2	101.3	101.4	101.3
September	102.3	102.6	102.3	102.1	102.5	102.2	102.1	102.5	102.2
December	103.2	103.7	103.3	103.1	103.8	103.2	103.1	103.7	103.2
<b>2005</b>									
March	104.1	105.2	104.4	104.1	105.0	104.3	104.1	104.9	104.3
June	105.0	105.7	105.1	105.2	106.0	105.4	105.2	106.1	105.4
September	106.3	107.4	106.6	106.2	107.3	106.5	106.2	107.2	106.4
December	107.3	108.3	107.5	107.2	108.4	107.5	107.2	108.3	107.5
<b>2006</b>									
March	108.3	109.6	108.6	108.3	109.4	108.5	108.3	109.5	108.6
June	109.2	110.4	109.5	109.4	110.7	109.7	109.4	110.6	109.7
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)									
<b>2004</b>									
June	3.4	4.0	3.5	3.5	3.9	3.5	3.4	4.0	3.6
September	3.5	4.0	3.5	3.4	3.9	3.5	3.3	4.0	3.5
December	3.5	4.2	3.6	3.4	4.2	3.5	3.5	4.1	3.6
<b>2005</b>									
March	3.7	4.5	3.9	3.7	4.5	3.9	3.7	4.4	3.9
June	4.0	4.7	4.1	3.8	4.7	4.2	3.8	4.6	4.0
September	3.9	4.7	4.2	4.0	4.7	4.2	4.0	4.6	4.1
December	4.0	4.4	4.1	4.0	4.4	4.2	4.0	4.4	4.2
<b>2006</b>									
March	4.0	4.2	4.0	4.0	4.2	4.0	4.0	4.4	4.1
June	4.0	4.4	4.2	4.0	4.4	4.1	4.0	4.2	4.1
CHANGE FROM PREVIOUS QUARTER (%)									
<b>2004</b>									
June	0.6	0.3	0.5	0.9	0.7	0.8	0.9	0.9	0.9
September	1.3	1.6	1.3	0.8	1.3	1.0	0.8	1.1	0.9
December	0.9	1.1	1.0	1.0	1.3	1.0	1.0	1.2	1.0
<b>2005</b>									
March	0.9	1.4	1.1	1.0	1.2	1.1	1.0	1.2	1.1
June	0.9	0.5	0.7	1.1	1.0	1.1	1.1	1.1	1.1
September	1.2	1.6	1.4	1.0	1.2	1.0	1.0	1.0	0.9
December	0.9	0.8	0.8	0.9	1.0	0.9	0.9	1.0	1.0
<b>2006</b>									
March	0.9	1.2	1.0	1.0	0.9	0.9	1.0	1.1	1.0
June	0.8	0.7	0.8	1.0	1.2	1.1	1.0	1.0	1.0

(a) Reference base of each index: 2003-04 = 100.0. See paragraphs 40 and 41 of the Explanatory Notes for an explanation of the reference base.

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
All Sectors: **Original**

<i>Period</i>	<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<b>Australia</b>
INDEX NUMBERS (a)									
<b>2002-03</b>	96.3	96.9	96.5	96.3	96.9	96.8	96.8	95.9	<b>96.5</b>
<b>2003-04</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>
<b>2004-05</b>	103.6	103.9	103.8	103.5	104.3	104.1	103.7	104.3	<b>103.8</b>
<b>2005-06</b>	107.8	107.9	108.4	107.4	109.0	108.4	108.2	108.6	<b>108.1</b>
<b>2003</b>									
June	97.4	97.8	97.5	97.2	97.8	97.7	97.6	96.8	<b>97.6</b>
September	98.8	99.0	98.5	98.7	99.0	99.0	98.6	98.7	<b>98.8</b>
December	99.6	99.7	99.7	99.9	99.8	99.8	99.7	99.9	<b>99.7</b>
<b>2004</b>									
March	100.5	100.3	100.7	100.6	100.3	100.3	100.5	100.6	<b>100.5</b>
June	101.1	101.0	101.1	100.8	100.8	100.8	101.2	100.8	<b>101.0</b>
September	102.2	102.4	102.4	102.0	102.5	102.7	102.0	102.4	<b>102.3</b>
December	102.8	103.4	103.5	103.3	103.9	103.3	102.7	104.2	<b>103.3</b>
<b>2005</b>									
March	104.2	104.5	104.3	104.1	104.8	104.7	104.6	105.0	<b>104.4</b>
June	105.0	105.3	105.0	104.6	105.8	105.6	105.4	105.7	<b>105.1</b>
September	106.5	106.5	106.6	105.9	107.5	107.1	106.6	107.2	<b>106.6</b>
December	107.2	107.4	107.9	107.1	108.3	107.8	107.9	108.1	<b>107.5</b>
<b>2006</b>									
March	108.4	108.4	109.1	107.9	109.3	109.0	108.7	109.2	<b>108.6</b>
June	109.2	109.3	110.0	108.5	110.7	109.8	109.6	109.9	<b>109.5</b>
CHANGE FROM PREVIOUS FINANCIAL YEAR (%)									
<b>2003-04</b>	3.8	3.2	3.6	3.8	3.2	3.3	3.3	4.3	<b>3.6</b>
<b>2004-05</b>	3.6	3.9	3.8	3.5	4.3	4.1	3.7	4.3	<b>3.8</b>
<b>2005-06</b>	4.1	3.8	4.4	3.8	4.5	4.1	4.3	4.1	<b>4.1</b>
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)									
<b>2004</b>									
June	3.8	3.3	3.7	3.7	3.1	3.2	3.7	4.1	<b>3.5</b>
September	3.4	3.4	4.0	3.3	3.5	3.7	3.4	3.7	<b>3.5</b>
December	3.2	3.7	3.8	3.4	4.1	3.5	3.0	4.3	<b>3.6</b>
<b>2005</b>									
March	3.7	4.2	3.6	3.5	4.5	4.4	4.1	4.4	<b>3.9</b>
June	3.9	4.3	3.9	3.8	5.0	4.8	4.2	4.9	<b>4.1</b>
September	4.2	4.0	4.1	3.8	4.9	4.3	4.5	4.7	<b>4.2</b>
December	4.3	3.9	4.3	3.7	4.2	4.4	5.1	3.7	<b>4.1</b>
<b>2006</b>									
March	4.0	3.7	4.6	3.7	4.3	4.1	3.9	4.0	<b>4.0</b>
June	4.0	3.8	4.8	3.7	4.6	4.0	4.0	4.0	<b>4.2</b>
CHANGE FROM PREVIOUS QUARTER (%)									
<b>2004</b>									
June	0.6	0.7	0.4	0.2	0.5	0.5	0.7	0.2	<b>0.5</b>
September	1.1	1.4	1.3	1.2	1.7	1.9	0.8	1.6	<b>1.3</b>
December	0.6	1.0	1.1	1.3	1.4	0.6	0.7	1.8	<b>1.0</b>
<b>2005</b>									
March	1.4	1.1	0.8	0.8	0.9	1.4	1.9	0.8	<b>1.1</b>
June	0.8	0.8	0.7	0.5	1.0	0.9	0.8	0.7	<b>0.7</b>
September	1.4	1.1	1.5	1.2	1.6	1.4	1.1	1.4	<b>1.4</b>
December	0.7	0.8	1.2	1.1	0.7	0.7	1.2	0.8	<b>0.8</b>
<b>2006</b>									
March	1.1	0.9	1.1	0.7	0.9	1.1	0.7	1.0	<b>1.0</b>
June	0.7	0.8	0.8	0.6	1.3	0.7	0.8	0.6	<b>0.8</b>

(a) Reference base of each index: 2003-04 = 100.0.

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Private Sector: **Original**

<i>Period</i>	<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<b>Australia</b>
INDEX NUMBERS (a)									
<b>2002-03</b>	96.9	96.9	96.7	96.3	96.9	96.7	97.4	96.6	<b>96.8</b>
<b>2003-04</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>
<b>2004-05</b>	103.4	103.8	103.7	103.3	104.3	103.8	103.8	103.4	<b>103.7</b>
<b>2005-06</b>	107.2	107.9	108.4	106.9	109.2	107.9	107.9	107.3	<b>107.8</b>
<b>2003</b>									
June	97.7	97.8	97.7	97.3	97.8	97.6	97.9	97.3	<b>97.7</b>
September	98.9	99.0	98.5	98.8	99.0	98.9	98.9	98.9	<b>98.8</b>
December	99.8	99.7	99.8	99.8	99.7	99.9	99.3	100.0	<b>99.7</b>
<b>2004</b>									
March	100.4	100.2	100.6	100.5	100.4	100.4	100.5	100.3	<b>100.4</b>
June	101.0	101.1	101.1	100.8	100.9	100.9	101.2	100.8	<b>101.0</b>
September	102.1	102.4	102.1	102.1	102.5	102.5	102.2	102.4	<b>102.3</b>
December	102.8	103.2	103.4	103.0	104.0	103.2	103.1	103.1	<b>103.2</b>
<b>2005</b>									
March	103.8	104.4	104.2	103.7	104.9	104.2	104.6	103.7	<b>104.1</b>
June	104.7	105.2	104.9	104.3	105.6	105.1	105.3	104.4	<b>105.0</b>
September	105.9	106.5	106.4	105.7	107.6	106.7	106.4	106.2	<b>106.3</b>
December	106.6	107.4	108.1	106.5	108.5	107.6	107.4	107.0	<b>107.3</b>
<b>2006</b>									
March	107.7	108.3	109.1	107.3	109.5	108.2	108.4	107.8	<b>108.3</b>
June	108.6	109.3	109.8	107.9	111.0	108.9	109.3	108.2	<b>109.2</b>
CHANGE FROM PREVIOUS FINANCIAL YEAR (%)									
<b>2003-04</b>	3.2	3.2	3.4	3.8	3.2	3.4	2.7	3.5	<b>3.3</b>
<b>2004-05</b>	3.4	3.8	3.7	3.3	4.3	3.8	3.8	3.4	<b>3.7</b>
<b>2005-06</b>	3.7	3.9	4.5	3.5	4.7	3.9	3.9	3.8	<b>4.0</b>
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)									
<b>2004</b>									
June	3.4	3.4	3.5	3.6	3.2	3.4	3.4	3.6	<b>3.4</b>
September	3.2	3.4	3.7	3.3	3.5	3.6	3.3	3.5	<b>3.5</b>
December	3.0	3.5	3.6	3.2	4.3	3.3	3.8	3.1	<b>3.5</b>
<b>2005</b>									
March	3.4	4.2	3.6	3.2	4.5	3.8	4.1	3.4	<b>3.7</b>
June	3.7	4.1	3.8	3.5	4.7	4.2	4.1	3.6	<b>4.0</b>
September	3.7	4.0	4.2	3.5	5.0	4.1	4.1	3.7	<b>3.9</b>
December	3.7	4.1	4.5	3.4	4.3	4.3	4.2	3.8	<b>4.0</b>
<b>2006</b>									
March	3.8	3.7	4.7	3.5	4.4	3.8	3.6	4.0	<b>4.0</b>
June	3.7	3.9	4.7	3.5	5.1	3.6	3.8	3.6	<b>4.0</b>
CHANGE FROM PREVIOUS QUARTER (%)									
<b>2004</b>									
June	0.6	0.9	0.5	0.3	0.5	0.5	0.7	0.5	<b>0.6</b>
September	1.1	1.3	1.0	1.3	1.6	1.6	1.0	1.6	<b>1.3</b>
December	0.7	0.8	1.3	0.9	1.5	0.7	0.9	0.7	<b>0.9</b>
<b>2005</b>									
March	1.0	1.2	0.8	0.7	0.9	1.0	1.5	0.6	<b>0.9</b>
June	0.9	0.8	0.7	0.6	0.7	0.9	0.7	0.7	<b>0.9</b>
September	1.1	1.2	1.4	1.3	1.9	1.5	1.0	1.7	<b>1.2</b>
December	0.7	0.8	1.6	0.8	0.8	0.8	0.9	0.8	<b>0.9</b>
<b>2006</b>									
March	1.0	0.8	0.9	0.8	0.9	0.6	0.9	0.7	<b>0.9</b>
June	0.8	0.9	0.6	0.6	1.4	0.6	0.8	0.4	<b>0.8</b>

(a) Reference base of each index: 2003-04 = 100.0.



WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Public Sector: **Original**

<i>Period</i>	<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<b>Australia</b>
INDEX NUMBERS (a)									
<b>2002-03</b>	94.6	96.9	96.1	96.1	96.7	96.7	96.1	95.4	<b>95.8</b>
<b>2003-04</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>
<b>2004-05</b>	104.3	104.3	104.4	104.2	104.2	104.8	103.5	104.9	<b>104.3</b>
<b>2005-06</b>	109.7	108.0	108.6	108.9	108.2	109.7	108.6	109.3	<b>108.9</b>
<b>2003</b>									
June	96.4	98.2	97.0	96.9	97.8	97.6	97.3	96.3	<b>97.1</b>
September	98.7	99.1	98.4	98.5	99.1	99.3	98.2	98.6	<b>98.7</b>
December	99.2	99.8	99.5	100.1	99.8	99.8	100.0	99.7	<b>99.5</b>
<b>2004</b>									
March	100.9	100.4	100.9	100.6	100.3	100.1	100.5	100.7	<b>100.7</b>
June	101.1	100.7	101.2	100.8	100.8	100.8	101.2	101.0	<b>101.0</b>
September	102.5	102.3	103.4	101.6	102.4	103.2	101.8	102.4	<b>102.6</b>
December	103.1	104.0	104.0	104.2	103.6	103.6	102.2	104.8	<b>103.7</b>
<b>2005</b>									
March	105.7	105.1	104.8	105.4	104.4	105.6	104.5	105.8	<b>105.2</b>
June	105.8	105.6	105.2	105.5	106.2	106.6	105.4	106.4	<b>105.7</b>
September	108.5	106.2	107.2	106.3	107.1	107.9	106.7	107.7	<b>107.4</b>
December	109.0	107.6	107.6	109.1	107.6	108.4	108.6	108.7	<b>108.3</b>
<b>2006</b>									
March	110.5	108.7	109.3	109.8	108.5	110.6	109.1	110.0	<b>109.6</b>
June	110.9	109.5	110.4	110.5	109.6	111.7	109.8	110.7	<b>110.4</b>
CHANGE FROM PREVIOUS FINANCIAL YEAR (%)									
<b>2003-04</b>	5.7	3.2	4.1	4.1	3.4	3.4	4.1	4.8	<b>4.4</b>
<b>2004-05</b>	4.3	4.3	4.4	4.2	4.2	4.8	3.5	4.9	<b>4.3</b>
<b>2005-06</b>	5.2	3.5	4.0	4.5	3.8	4.7	4.9	4.2	<b>4.4</b>
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)									
<b>2004</b>									
June	4.9	2.5	4.3	4.0	3.1	3.3	4.0	4.9	<b>4.0</b>
September	3.9	3.2	5.1	3.1	3.3	3.9	3.7	3.9	<b>4.0</b>
December	3.9	4.2	4.5	4.1	3.8	3.8	2.2	5.1	<b>4.2</b>
<b>2005</b>									
March	4.8	4.7	3.9	4.8	4.1	5.5	4.0	5.1	<b>4.5</b>
June	4.6	4.9	4.0	4.7	5.4	5.8	4.2	5.3	<b>4.7</b>
September	5.9	3.8	3.7	4.6	4.6	4.6	4.8	5.2	<b>4.7</b>
December	5.7	3.5	3.5	4.7	3.9	4.6	6.3	3.7	<b>4.4</b>
<b>2006</b>									
March	4.5	3.4	4.3	4.2	3.9	4.7	4.4	4.0	<b>4.2</b>
June	4.8	3.7	4.9	4.7	3.2	4.8	4.2	4.0	<b>4.4</b>
CHANGE FROM PREVIOUS QUARTER (%)									
<b>2004</b>									
June	0.2	0.3	0.3	0.2	0.5	0.7	0.7	0.3	<b>0.3</b>
September	1.4	1.6	2.2	0.8	1.6	2.4	0.6	1.4	<b>1.6</b>
December	0.6	1.7	0.6	2.6	1.2	0.4	0.4	2.3	<b>1.1</b>
<b>2005</b>									
March	2.5	1.1	0.8	1.2	0.8	1.9	2.3	1.0	<b>1.4</b>
June	0.1	0.5	0.4	0.1	1.7	0.9	0.9	0.6	<b>0.5</b>
September	2.6	0.6	1.9	0.8	0.8	1.2	1.2	1.2	<b>1.6</b>
December	0.5	1.3	0.4	2.6	0.5	0.5	1.8	0.9	<b>0.8</b>
<b>2006</b>									
March	1.4	1.0	1.6	0.6	0.8	2.0	0.5	1.2	<b>1.2</b>
June	0.4	0.7	1.0	0.6	1.0	1.0	0.6	0.6	<b>0.7</b>

(a) Reference base of each index: 2003-04 = 100.0.

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Sector by Industry—Index numbers(a): **Original**

Industry	FINANCIAL YEAR				QUARTER				
	2002-03	2003-04	2004-05	2005-06	Jun Qtr 2005	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
PRIVATE									
Mining	97.3	100.0	104.0	109.3	105.8	107.5	108.1	109.5	112.0
Manufacturing	96.7	100.0	103.7	107.7	105.0	106.3	107.3	108.1	109.0
Electricity, gas and water supply	96.0	100.0	104.7	109.5	105.8	107.3	109.3	110.0	111.3
Construction	96.4	100.0	105.2	110.5	106.9	108.3	109.4	111.3	112.8
Wholesale trade	97.2	100.0	103.3	107.1	104.5	105.9	106.6	107.5	108.5
Retail trade	97.1	100.0	103.3	107.2	104.6	105.9	107.0	107.8	108.2
Accommodation, cafes and restaurants	97.4	100.0	102.8	106.1	103.5	104.9	106.1	106.6	106.9
Transport and storage	96.7	100.0	103.0	106.7	103.9	105.3	106.3	107.4	107.9
Communication services	97.6	100.0	102.6	105.9	103.1	105.3	105.6	106.3	106.5
Finance and insurance	96.9	100.0	104.0	108.3	105.9	106.8	108.1	108.4	110.0
Property and business services	96.6	100.0	103.1	106.9	104.1	105.6	106.2	107.6	108.3
Education	96.6	100.0	104.9	109.4	106.9	107.7	108.2	110.6	111.0
Health and community services	96.3	100.0	104.1	109.0	105.5	107.3	108.6	109.3	110.6
Cultural and recreational services	96.8	100.0	103.4	107.8	105.2	106.8	107.6	108.1	108.6
Personal and other services	97.5	100.0	102.5	105.7	103.5	104.5	105.3	106.0	107.0
<i>All industries</i>	96.8	100.0	103.7	107.8	105.0	106.3	107.3	108.3	109.2
PUBLIC									
Government administration and defence	95.6	100.0	104.3	108.9	105.8	107.4	108.6	109.6	110.0
Education	96.4	100.0	105.4	110.1	107.1	108.3	109.0	111.0	112.2
Health and community services	94.7	100.0	103.1	107.7	104.4	106.6	107.4	108.2	108.6
Cultural and recreational services	95.7	100.0	103.7	108.2	105.1	107.8	107.9	108.5	108.7
Personal and other services	95.9	100.0	104.8	109.5	105.9	108.5	108.9	110.0	110.4
<i>All industries(b)</i>	95.8	100.0	104.3	108.9	105.7	107.4	108.3	109.6	110.4
ALL SECTORS									
Mining	97.2	100.0	104.0	109.2	105.8	107.4	108.1	109.4	112.0
Manufacturing	96.6	100.0	103.7	107.7	105.0	106.3	107.3	108.1	109.0
Electricity, gas and water supply	95.8	100.0	104.3	110.1	105.7	107.5	108.5	111.3	113.0
Construction	96.3	100.0	105.1	110.3	106.7	108.1	109.3	111.2	112.6
Wholesale trade	97.2	100.0	103.3	107.2	104.6	106.0	106.6	107.6	108.5
Retail trade	97.0	100.0	103.3	107.2	104.6	105.9	107.0	107.8	108.2
Accommodation, cafes and restaurants	97.4	100.0	102.8	106.2	103.6	105.0	106.2	106.7	107.0
Transport and storage	96.7	100.0	103.0	107.3	103.9	105.8	106.7	108.0	108.8
Communication services	96.6	100.0	103.4	106.8	104.1	105.4	106.8	107.2	107.6
Finance and insurance	96.8	100.0	104.0	108.3	105.9	106.7	107.9	108.4	110.0
Property and business services	96.6	100.0	103.1	106.9	104.1	105.6	106.2	107.5	108.3
Government administration and defence	95.6	100.0	104.3	108.9	105.8	107.4	108.6	109.6	110.0
Education	96.5	100.0	105.3	109.9	107.1	108.1	108.7	110.8	111.8
Health and community services	95.6	100.0	103.6	108.4	105.0	107.0	108.1	108.8	109.7
Cultural and recreational services	96.6	100.0	103.5	107.9	105.1	107.1	107.7	108.3	108.6
Personal and other services	96.7	100.0	103.7	107.6	104.8	106.5	107.2	108.1	108.7
<b>All industries</b>	<b>96.5</b>	<b>100.0</b>	<b>103.8</b>	<b>108.1</b>	<b>105.1</b>	<b>106.6</b>	<b>107.5</b>	<b>108.6</b>	<b>109.5</b>

(a) Reference base of each index: 2003-04 = 100.0.

(b) Includes those industries not separately listed.

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Sector by Industry—Percentage changes: **Original**

Industry	FROM PREVIOUS FINANCIAL YEAR			FROM CORRESPONDING QUARTER OF PREVIOUS YEAR			FROM PREVIOUS QUARTER			
	2003-04	2004-05	2005-06	Jun Qtr 2004	Jun Qtr 2005	Jun Qtr 2006	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
<b>PRIVATE</b>										
Mining	2.8	4.0	5.1	3.1	4.8	5.9	1.6	0.6	1.3	2.3
Manufacturing	3.4	3.7	3.9	3.5	3.9	3.8	1.2	0.9	0.7	0.8
Electricity, gas and water supply	4.2	4.7	4.6	4.4	4.2	5.2	1.4	1.9	0.6	1.2
Construction	3.7	5.2	5.0	4.5	5.1	5.5	1.3	1.0	1.7	1.3
Wholesale trade	2.9	3.3	3.7	3.0	3.6	3.8	1.3	0.7	0.8	0.9
Retail trade	3.0	3.3	3.8	3.2	3.7	3.4	1.2	1.0	0.7	0.4
Accommodation, cafes and restaurants	2.7	2.8	3.2	2.4	3.0	3.3	1.4	1.1	0.5	0.3
Transport and storage	3.4	3.0	3.6	3.2	3.2	3.8	1.3	0.9	1.0	0.5
Communication services	2.5	2.6	3.2	2.6	2.6	3.3	2.1	0.3	0.7	0.2
Finance and insurance	3.2	4.0	4.1	3.7	4.3	3.9	0.8	1.2	0.3	1.5
Property and business services	3.5	3.1	3.7	3.3	3.4	4.0	1.4	0.6	1.3	0.7
Education	3.5	4.9	4.3	3.8	5.1	3.8	0.7	0.5	2.2	0.4
Health and community services	3.8	4.1	4.7	3.8	4.6	4.8	1.7	1.2	0.6	1.2
Cultural and recreational services	3.3	3.4	4.3	3.3	4.3	3.2	1.5	0.7	0.5	0.5
Personal and other services	2.6	2.5	3.1	2.4	2.9	3.4	1.0	0.8	0.7	0.9
<i>All industries</i>	3.3	3.7	4.0	3.4	4.0	4.0	1.2	0.9	0.9	0.8
<b>PUBLIC</b>										
Government administration and defence	4.6	4.3	4.4	4.3	4.9	4.0	1.5	1.1	0.9	0.4
Education	3.7	5.4	4.5	3.5	5.8	4.8	1.1	0.6	1.8	1.1
Health and community services	5.6	3.1	4.5	4.5	3.6	4.0	2.1	0.8	0.7	0.4
Cultural and recreational services	4.5	3.7	4.3	3.7	4.8	3.4	2.6	0.1	0.6	0.2
Personal and other services	4.3	4.8	4.5	3.7	5.1	4.2	2.5	0.4	1.0	0.4
<i>All industries(a)</i>	4.4	4.3	4.4	4.0	4.7	4.4	1.6	0.8	1.2	0.7
<b>ALL SECTORS</b>										
Mining	2.9	4.0	5.0	3.2	4.8	5.9	1.5	0.7	1.2	2.4
Manufacturing	3.5	3.7	3.9	3.6	3.9	3.8	1.2	0.9	0.7	0.8
Electricity, gas and water supply	4.4	4.3	5.6	4.7	3.8	6.9	1.7	0.9	2.6	1.5
Construction	3.8	5.1	4.9	4.4	4.9	5.5	1.3	1.1	1.7	1.3
Wholesale trade	2.9	3.3	3.8	3.0	3.7	3.7	1.3	0.6	0.9	0.8
Retail trade	3.1	3.3	3.8	3.4	3.6	3.4	1.2	1.0	0.7	0.4
Accommodation, cafes and restaurants	2.7	2.8	3.3	2.3	3.2	3.3	1.4	1.1	0.5	0.3
Transport and storage	3.4	3.0	4.2	3.1	3.1	4.7	1.8	0.9	1.2	0.7
Communication services	3.5	3.4	3.3	3.6	3.2	3.4	1.2	1.3	0.4	0.4
Finance and insurance	3.3	4.0	4.1	3.7	4.4	3.9	0.8	1.1	0.5	1.5
Property and business services	3.5	3.1	3.7	3.4	3.4	4.0	1.4	0.6	1.2	0.7
Government administration and defence	4.6	4.3	4.4	4.3	4.9	4.0	1.5	1.1	0.9	0.4
Education	3.6	5.3	4.4	3.5	5.7	4.4	0.9	0.6	1.9	0.9
Health and community services	4.6	3.6	4.6	4.1	4.1	4.5	1.9	1.0	0.6	0.8
Cultural and recreational services	3.5	3.5	4.3	3.3	4.4	3.3	1.9	0.6	0.6	0.3
Personal and other services	3.4	3.7	3.8	3.1	4.1	3.7	1.6	0.7	0.8	0.6
<b>All industries</b>	<b>3.6</b>	<b>3.8</b>	<b>4.1</b>	<b>3.5</b>	<b>4.1</b>	<b>4.2</b>	<b>1.4</b>	<b>0.8</b>	<b>1.0</b>	<b>0.8</b>

(a) Includes those industries not separately listed.

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Sector by Occupation—Index numbers(a): **Original**

Occupation	FINANCIAL YEAR				QUARTER				
	2002-03	2003-04	2004-05	2005-06	Jun Qtr 2005	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
<b>PRIVATE</b>									
Managers and administrators	97.2	100.0	103.5	107.2	104.9	106.0	106.5	107.6	108.6
Professionals	96.6	100.0	103.7	108.2	105.1	106.6	107.6	108.7	109.7
Associate professionals	97.1	100.0	103.3	107.3	104.7	105.7	106.8	107.9	108.6
Tradespersons and related workers	97.0	100.0	104.0	108.7	105.6	107.0	108.1	109.3	110.4
Advanced clerical and service workers	96.2	100.0	103.3	107.2	104.5	105.9	106.7	107.8	108.4
Intermediate clerical, sales and service workers	96.6	100.0	103.5	107.3	104.6	106.1	106.9	107.6	108.5
Intermediate production and transport workers	96.6	100.0	103.9	108.5	105.2	106.8	107.9	109.0	110.1
Elementary clerical, sales and service workers	97.0	100.0	103.3	106.7	104.2	105.8	106.4	107.0	107.5
Labourers and related workers	96.9	100.0	103.9	107.8	105.1	106.5	107.5	108.2	109.1
<b>All occupations</b>	<b>96.8</b>	<b>100.0</b>	<b>103.7</b>	<b>107.8</b>	<b>105.0</b>	<b>106.3</b>	<b>107.3</b>	<b>108.3</b>	<b>109.2</b>
<b>PUBLIC</b>									
Managers and administrators	95.6	100.0	105.0	110.2	107.0	108.6	109.3	111.2	111.7
Professionals	95.8	100.0	104.4	109.0	105.8	107.5	108.3	109.7	110.5
Associate professionals	95.8	100.0	104.5	109.1	105.7	107.8	108.6	109.7	110.1
Tradespersons and related workers	95.6	100.0	104.4	109.6	105.9	107.3	108.5	110.4	112.0
Advanced clerical and service workers	96.1	100.0	104.2	108.5	105.5	106.7	108.6	109.1	109.6
Intermediate clerical, sales and service workers	95.6	100.0	103.8	108.1	105.1	106.8	107.8	108.6	109.3
Intermediate production and transport workers	96.2	100.0	104.0	109.1	105.5	107.3	108.2	109.8	111.2
Elementary clerical, sales and service workers	95.7	100.0	103.8	108.3	104.9	107.5	107.7	108.2	109.9
Labourers and related workers	96.1	100.0	103.9	108.1	105.1	106.2	107.6	108.9	109.5
<b>All occupations</b>	<b>95.8</b>	<b>100.0</b>	<b>104.3</b>	<b>108.9</b>	<b>105.7</b>	<b>107.4</b>	<b>108.3</b>	<b>109.6</b>	<b>110.4</b>
<b>ALL SECTORS</b>									
Managers and administrators	96.9	100.0	103.8	107.9	105.4	106.6	107.1	108.5	109.3
Professionals	96.3	100.0	104.0	108.6	105.4	107.0	107.9	109.2	110.1
Associate professionals	96.8	100.0	103.6	107.8	105.0	106.3	107.3	108.4	109.0
Tradespersons and related workers	96.7	100.0	104.0	108.8	105.6	107.0	108.2	109.4	110.6
Advanced clerical and service workers	96.2	100.0	103.4	107.4	104.6	106.0	107.0	108.0	108.6
Intermediate clerical, sales and service workers	96.3	100.0	103.6	107.5	104.7	106.2	107.2	107.8	108.7
Intermediate production and transport workers	96.6	100.0	103.9	108.5	105.2	106.8	107.9	109.0	110.2
Elementary clerical, sales and service workers	96.7	100.0	103.4	106.9	104.3	106.0	106.6	107.2	107.9
Labourers and related workers	96.8	100.0	103.8	107.8	105.0	106.5	107.5	108.2	109.1
<b>All occupations</b>	<b>96.5</b>	<b>100.0</b>	<b>103.8</b>	<b>108.1</b>	<b>105.1</b>	<b>106.6</b>	<b>107.5</b>	<b>108.6</b>	<b>109.5</b>

(a) Reference base of each index: 2003-04 = 100.0

WAGE PRICE INDEX: TOTAL HOURLY RATES OF PAY EXCLUDING BONUSES,  
Sector by Occupation—Percentage changes: **Original**

Occupation	FROM PREVIOUS FINANCIAL YEAR			FROM CORRESPONDING QUARTER OF PREVIOUS YEAR			FROM PREVIOUS QUARTER			
	2003-04	2004-05	2005-06	Jun Qtr 2004	Jun Qtr 2005	Jun Qtr 2006	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
PRIVATE										
Managers and administrators	2.9	3.5	3.6	3.1	3.8	3.5	1.0	0.5	1.0	0.9
Professionals	3.5	3.7	4.3	3.4	4.1	4.4	1.4	0.9	1.0	0.9
Associate professionals	3.0	3.3	3.9	2.9	3.8	3.7	1.0	1.0	1.0	0.6
Tradespersons and related workers	3.1	4.0	4.5	3.4	4.5	4.5	1.3	1.0	1.1	1.0
Advanced clerical and service workers	4.0	3.3	3.8	4.0	3.5	3.7	1.3	0.8	1.0	0.6
Intermediate clerical, sales and service workers	3.5	3.5	3.7	3.6	3.6	3.7	1.4	0.8	0.7	0.8
Intermediate production and transport workers	3.5	3.9	4.4	3.9	4.0	4.7	1.5	1.0	1.0	1.0
Elementary clerical, sales and service workers	3.1	3.3	3.3	3.1	3.5	3.2	1.5	0.6	0.6	0.5
Labourers and related workers	3.2	3.9	3.8	3.5	4.2	3.8	1.3	0.9	0.7	0.8
<i>All occupations</i>	3.3	3.7	4.0	3.4	4.0	4.0	1.2	0.9	0.9	0.8
PUBLIC										
Managers and administrators	4.6	5.0	5.0	4.0	5.8	4.4	1.5	0.6	1.7	0.4
Professionals	4.4	4.4	4.4	3.9	4.6	4.4	1.6	0.7	1.3	0.7
Associate professionals	4.4	4.5	4.4	4.1	4.8	4.2	2.0	0.7	1.0	0.4
Tradespersons and related workers	4.6	4.4	5.0	4.5	4.5	5.8	1.3	1.1	1.8	1.4
Advanced clerical and service workers	4.1	4.2	4.1	3.7	4.7	3.9	1.1	1.8	0.5	0.5
Intermediate clerical, sales and service workers	4.6	3.8	4.1	4.1	4.3	4.0	1.6	0.9	0.7	0.6
Intermediate production and transport workers	4.0	4.0	4.9	3.4	4.4	5.4	1.7	0.8	1.5	1.3
Elementary clerical, sales and service workers	4.5	3.8	4.3	3.4	3.9	4.8	2.5	0.2	0.5	1.6
Labourers and related workers	4.1	3.9	4.0	3.6	4.2	4.2	1.0	1.3	1.2	0.6
<i>All occupations</i>	4.4	4.3	4.4	4.0	4.7	4.4	1.6	0.8	1.2	0.7
ALL SECTORS										
Managers and administrators	3.2	3.8	3.9	3.3	4.3	3.7	1.1	0.5	1.3	0.7
Professionals	3.8	4.0	4.4	3.6	4.4	4.5	1.5	0.8	1.2	0.8
Associate professionals	3.3	3.6	4.1	3.2	4.1	3.8	1.2	0.9	1.0	0.6
Tradespersons and related workers	3.4	4.0	4.6	3.6	4.5	4.7	1.3	1.1	1.1	1.1
Advanced clerical and service workers	4.0	3.4	3.9	4.0	3.6	3.8	1.3	0.9	0.9	0.6
Intermediate clerical, sales and service workers	3.8	3.6	3.8	3.7	3.8	3.8	1.4	0.9	0.6	0.8
Intermediate production and transport workers	3.5	3.9	4.4	3.8	4.0	4.8	1.5	1.0	1.0	1.1
Elementary clerical, sales and service workers	3.4	3.4	3.4	3.2	3.5	3.5	1.6	0.6	0.6	0.7
Labourers and related workers	3.3	3.8	3.9	3.5	4.1	3.9	1.4	0.9	0.7	0.8
<b>All occupations</b>	<b>3.6</b>	<b>3.8</b>	<b>4.1</b>	<b>3.5</b>	<b>4.1</b>	<b>4.2</b>	<b>1.4</b>	<b>0.8</b>	<b>1.0</b>	<b>0.8</b>

WAGE PRICE INDEX: HOURLY RATES OF PAY INCLUDING BONUSES,  
Sector: **Original**

Period	ORDINARY TIME HOURLY RATES			TOTAL HOURLY RATES		
	Private	Public	All Sectors	Private	Public	All Sectors
INDEX NUMBERS (a)(b)						
<b>2002-03</b>	96.7	95.8	96.5	96.7	95.8	96.5
<b>2003-04</b>	100.0	100.0	100.0	100.0	100.0	100.0
<b>2004-05</b>	103.7	104.3	103.9	103.7	104.3	103.8
<b>2005-06</b>	107.8	108.8	108.1	107.8	108.9	108.1
<b>2003</b>						
June	97.7	97.1	97.6	97.7	97.1	97.5
September	98.8	98.7	98.8	98.8	98.7	98.8
December	99.9	99.6	99.8	99.9	99.6	99.8
<b>2004</b>						
March	100.4	100.7	100.5	100.4	100.7	100.5
June	100.9	101.0	100.9	100.9	101.0	101.0
September	102.2	102.5	102.3	102.2	102.5	102.3
December	103.2	103.6	103.4	103.2	103.6	103.3
<b>2005</b>						
March	104.2	105.2	104.5	104.1	105.2	104.4
June	105.3	105.7	105.4	105.2	105.7	105.3
September	106.4	107.4	106.7	106.4	107.4	106.6
December	107.1	108.2	107.4	107.1	108.2	107.4
<b>2006</b>						
March	108.4	109.5	108.7	108.4	109.5	108.7
June	109.4	110.2	109.6	109.4	110.3	109.6
CHANGE FROM PREVIOUS FINANCIAL YEAR (%)						
<b>2003-04</b>	3.4	4.4	3.6	3.4	4.4	3.6
<b>2004-05</b>	3.7	4.3	3.9	3.7	4.3	3.8
<b>2005-06</b>	4.0	4.3	4.0	4.0	4.4	4.1
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)						
<b>2004</b>						
June	3.3	4.0	3.4	3.3	4.0	3.6
September	3.4	3.9	3.5	3.4	3.9	3.5
December	3.3	4.0	3.6	3.3	4.0	3.5
<b>2005</b>						
March	3.8	4.5	4.0	3.7	4.5	3.9
June	4.4	4.7	4.5	4.3	4.7	4.3
September	4.1	4.8	4.3	4.1	4.8	4.2
December	3.8	4.4	3.9	3.8	4.4	4.0
<b>2006</b>						
March	4.0	4.1	4.0	4.1	4.1	4.1
June	3.9	4.3	4.0	4.0	4.4	4.1
CHANGE FROM PREVIOUS QUARTER (%)						
<b>2004</b>						
June	0.5	0.3	0.4	0.5	0.3	0.5
September	1.3	1.5	1.4	1.3	1.5	1.3
December	1.0	1.1	1.1	1.0	1.1	1.0
<b>2005</b>						
March	1.0	1.5	1.1	0.9	1.5	1.1
June	1.1	0.5	0.9	1.1	0.5	0.9
September	1.0	1.6	1.2	1.1	1.6	1.2
December	0.7	0.7	0.7	0.7	0.7	0.8
<b>2006</b>						
March	1.2	1.2	1.2	1.2	1.2	1.2
June	0.9	0.6	0.8	0.9	0.7	0.8

(a) Reference base of each index: 2003-04 = 100.0.

(b) A methodological change to the pricing of bonuses and commissions was implemented in March quarter 2006. See Appendix 4.

<i>Period</i>	<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<b>Australia</b>
INDEX NUMBERS (a)									
<b>2002-03</b>	96.3	96.9	96.5	96.3	96.9	96.7	96.9	95.9	<b>96.5</b>
<b>2003-04</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>
<b>2004-05</b>	103.5	103.9	103.9	103.5	104.2	104.1	103.7	104.3	<b>103.8</b>
<b>2005-06</b>	107.7	107.8	108.4	107.4	108.9	108.4	108.2	108.6	<b>108.0</b>
<b>2003</b>									
June	97.4	97.8	97.5	97.2	97.8	97.6	97.7	96.7	<b>97.6</b>
September	98.8	99.0	98.5	98.8	99.1	99.0	98.7	98.7	<b>98.8</b>
December	99.7	99.7	99.7	99.9	99.7	99.9	99.7	99.9	<b>99.7</b>
<b>2004</b>									
March	100.5	100.3	100.7	100.5	100.4	100.3	100.5	100.5	<b>100.5</b>
June	101.0	101.0	101.1	100.8	100.9	100.9	101.2	100.9	<b>101.0</b>
September	102.1	102.4	102.5	102.0	102.5	102.7	102.0	102.4	<b>102.3</b>
December	102.8	103.3	103.6	103.3	103.9	103.3	102.7	104.2	<b>103.3</b>
<b>2005</b>									
March	104.2	104.5	104.4	104.1	104.8	104.7	104.6	105.0	<b>104.4</b>
June	104.9	105.3	105.0	104.6	105.7	105.6	105.3	105.7	<b>105.1</b>
September	106.4	106.4	106.7	105.9	107.5	107.1	106.5	107.1	<b>106.6</b>
December	107.1	107.3	107.9	107.1	108.3	107.8	107.9	108.1	<b>107.5</b>
<b>2006</b>									
March	108.3	108.3	109.1	107.9	109.2	109.0	108.7	109.2	<b>108.5</b>
June	109.1	109.2	109.9	108.5	110.6	109.8	109.5	109.8	<b>109.4</b>
CHANGE FROM PREVIOUS FINANCIAL YEAR (%)									
<b>2003-04</b>	3.8	3.2	3.6	3.8	3.2	3.4	3.2	4.3	<b>3.6</b>
<b>2004-05</b>	3.5	3.9	3.9	3.5	4.2	4.1	3.7	4.3	<b>3.8</b>
<b>2005-06</b>	4.1	3.8	4.3	3.8	4.5	4.1	4.3	4.1	<b>4.0</b>
CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (%)									
<b>2004</b>									
June	3.7	3.3	3.7	3.7	3.2	3.4	3.6	4.3	<b>3.5</b>
September	3.3	3.4	4.1	3.2	3.4	3.7	3.3	3.7	<b>3.5</b>
December	3.1	3.6	3.9	3.4	4.2	3.4	3.0	4.3	<b>3.6</b>
<b>2005</b>									
March	3.7	4.2	3.7	3.6	4.4	4.4	4.1	4.5	<b>3.9</b>
June	3.9	4.3	3.9	3.8	4.8	4.7	4.1	4.8	<b>4.1</b>
September	4.2	3.9	4.1	3.8	4.9	4.3	4.4	4.6	<b>4.2</b>
December	4.2	3.9	4.2	3.7	4.2	4.4	5.1	3.7	<b>4.1</b>
<b>2006</b>									
March	3.9	3.6	4.5	3.7	4.2	4.1	3.9	4.0	<b>3.9</b>
June	4.0	3.7	4.7	3.7	4.6	4.0	4.0	3.9	<b>4.1</b>
CHANGE FROM PREVIOUS QUARTER (%)									
<b>2004</b>									
June	0.5	0.7	0.4	0.3	0.5	0.6	0.7	0.4	<b>0.5</b>
September	1.1	1.4	1.4	1.2	1.6	1.8	0.8	1.5	<b>1.3</b>
December	0.7	0.9	1.1	1.3	1.4	0.6	0.7	1.8	<b>1.0</b>
<b>2005</b>									
March	1.4	1.2	0.8	0.8	0.9	1.4	1.9	0.8	<b>1.1</b>
June	0.7	0.8	0.6	0.5	0.9	0.9	0.7	0.7	<b>0.7</b>
September	1.4	1.0	1.6	1.2	1.7	1.4	1.1	1.3	<b>1.4</b>
December	0.7	0.8	1.1	1.1	0.7	0.7	1.3	0.9	<b>0.8</b>
<b>2006</b>									
March	1.1	0.9	1.1	0.7	0.8	1.1	0.7	1.0	<b>0.9</b>
June	0.7	0.8	0.7	0.6	1.3	0.7	0.7	0.5	<b>0.8</b>

(a) Reference base of each index: 2003-04 = 100.0.

Industry	FINANCIAL YEAR				QUARTER				
	2002-03	2003-04	2004-05	2005-06	Jun Qtr 2005	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
	PRIVATE								
Mining	97.2	100.0	104.0	109.2	105.8	107.4	108.1	109.5	111.9
Manufacturing	96.7	100.0	103.6	107.6	105.0	106.3	107.2	108.0	108.8
Electricity, gas and water supply	96.1	100.0	104.7	109.5	105.8	107.3	109.3	110.0	111.3
Construction	96.4	100.0	105.1	110.2	106.7	108.1	109.2	111.0	112.6
Wholesale trade	97.2	100.0	103.3	107.2	104.6	106.0	106.6	107.6	108.5
Retail trade	97.1	100.0	103.3	107.2	104.6	105.9	107.0	107.8	108.2
Accommodation, cafes and restaurants	97.4	100.0	102.8	106.1	103.5	104.9	106.1	106.6	106.9
Transport and storage	96.7	100.0	102.9	106.6	103.8	105.2	106.2	107.3	107.7
Communication services	97.6	100.0	102.6	106.0	103.1	105.3	105.6	106.3	106.6
Finance and insurance	96.8	100.0	104.0	108.3	105.9	106.7	108.0	108.4	110.0
Property and business services	96.6	100.0	103.1	106.9	104.1	105.6	106.2	107.5	108.3
Education	96.6	100.0	105.0	109.4	107.0	107.8	108.2	110.7	111.0
Health and community services	96.3	100.0	104.0	109.0	105.4	107.3	108.6	109.3	110.6
Cultural and recreational services	96.9	100.0	103.4	107.8	105.1	106.8	107.6	108.1	108.6
Personal and other services	97.5	100.0	102.5	105.7	103.5	104.5	105.2	106.0	106.9
<b>All industries</b>	<b>96.8</b>	<b>100.0</b>	<b>103.6</b>	<b>107.7</b>	<b>104.9</b>	<b>106.3</b>	<b>107.2</b>	<b>108.2</b>	<b>109.1</b>
PUBLIC									
Government administration and defence	95.5	100.0	104.3	108.8	105.8	107.3	108.5	109.5	109.9
Education	96.4	100.0	105.5	110.1	107.2	108.3	109.0	111.0	112.2
Health and community services	94.7	100.0	103.1	107.7	104.4	106.6	107.4	108.2	108.6
Cultural and recreational services	95.7	100.0	103.7	108.2	105.1	107.8	107.9	108.5	108.7
Personal and other services	95.9	100.0	104.8	109.5	105.9	108.5	109.0	110.0	110.4
<b>All industries(b)</b>	<b>95.8</b>	<b>100.0</b>	<b>104.3</b>	<b>108.9</b>	<b>105.7</b>	<b>107.4</b>	<b>108.3</b>	<b>109.6</b>	<b>110.3</b>
ALL SECTORS									
Mining	97.2	100.0	104.1	109.2	105.9	107.4	108.1	109.5	111.9
Manufacturing	96.7	100.0	103.6	107.6	105.0	106.3	107.2	108.0	108.8
Electricity, gas and water supply	95.8	100.0	104.3	110.0	105.7	107.5	108.5	111.2	112.9
Construction	96.3	100.0	105.0	110.1	106.6	108.0	109.0	110.9	112.4
Wholesale trade	97.2	100.0	103.3	107.2	104.6	106.0	106.6	107.6	108.5
Retail trade	97.0	100.0	103.3	107.2	104.6	105.9	107.0	107.8	108.1
Accommodation, cafes and restaurants	97.4	100.0	102.8	106.2	103.6	105.0	106.2	106.7	107.0
Transport and storage	96.8	100.0	103.0	107.3	103.9	105.8	106.7	107.9	108.7
Communication services	96.6	100.0	103.4	106.8	104.1	105.4	106.8	107.2	107.6
Finance and insurance	96.8	100.0	104.0	108.3	105.9	106.7	107.9	108.4	110.0
Property and business services	96.6	100.0	103.1	106.9	104.1	105.6	106.2	107.5	108.3
Government administration and defence	95.5	100.0	104.3	108.8	105.8	107.3	108.5	109.5	109.9
Education	96.5	100.0	105.3	109.9	107.1	108.1	108.7	110.8	111.8
Health and community services	95.6	100.0	103.6	108.4	105.0	107.0	108.1	108.8	109.7
Cultural and recreational services	96.5	100.0	103.5	107.9	105.1	107.1	107.7	108.3	108.6
Personal and other services	96.7	100.0	103.7	107.6	104.7	106.5	107.1	108.1	108.7
<b>All industries</b>	<b>96.5</b>	<b>100.0</b>	<b>103.8</b>	<b>108.0</b>	<b>105.1</b>	<b>106.6</b>	<b>107.5</b>	<b>108.5</b>	<b>109.4</b>

(a) Reference base of each index: 2003-04 = 100.0.

(b) Includes those industries not separately listed.



Industry	FROM PREVIOUS FINANCIAL YEAR			FROM CORRESPONDING QUARTER OF PREVIOUS YEAR			FROM PREVIOUS QUARTER			
	2003-04	2004-05	2005-06	Jun Qtr 2004	Jun Qtr 2005	Jun Qtr 2006	Sep Qtr 2005	Dec Qtr 2005	Mar Qtr 2006	Jun Qtr 2006
PRIVATE										
Mining	2.9	4.0	5.0	3.1	4.8	5.8	1.5	0.7	1.3	2.2
Manufacturing	3.4	3.6	3.9	3.5	3.9	3.6	1.2	0.8	0.7	0.7
Electricity, gas and water supply	4.1	4.7	4.6	4.4	4.2	5.2	1.4	1.9	0.6	1.2
Construction	3.7	5.1	4.9	4.5	4.9	5.5	1.3	1.0	1.6	1.4
Wholesale trade	2.9	3.3	3.8	3.1	3.6	3.7	1.3	0.6	0.9	0.8
Retail trade	3.0	3.3	3.8	3.3	3.6	3.4	1.2	1.0	0.7	0.4
Accommodation, cafes and restaurants	2.7	2.8	3.2	2.3	3.0	3.3	1.4	1.1	0.5	0.3
Transport and storage	3.4	2.9	3.6	3.2	3.1	3.8	1.3	1.0	1.0	0.4
Communication services	2.5	2.6	3.3	2.6	2.6	3.4	2.1	0.3	0.7	0.3
Finance and insurance	3.3	4.0	4.1	3.7	4.4	3.9	0.8	1.2	0.4	1.5
Property and business services	3.5	3.1	3.7	3.3	3.4	4.0	1.4	0.6	1.2	0.7
Education	3.5	5.0	4.2	3.8	5.2	3.7	0.7	0.4	2.3	0.3
Health and community services	3.8	4.0	4.8	3.8	4.5	4.9	1.8	1.2	0.6	1.2
Cultural and recreational services	3.2	3.4	4.3	3.2	4.2	3.3	1.6	0.7	0.5	0.5
Personal and other services	2.6	2.5	3.1	2.4	2.9	3.3	1.0	0.7	0.8	0.8
<b>All industries</b>	<b>3.3</b>	<b>3.6</b>	<b>4.0</b>	<b>3.4</b>	<b>3.9</b>	<b>4.0</b>	<b>1.3</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>
PUBLIC										
Government administration and defence	4.7	4.3	4.3	4.3	4.9	3.9	1.4	1.1	0.9	0.4
Education	3.7	5.5	4.4	3.5	5.9	4.7	1.0	0.6	1.8	1.1
Health and community services	5.6	3.1	4.5	4.5	3.6	4.0	2.1	0.8	0.7	0.4
Cultural and recreational services	4.5	3.7	4.3	3.7	4.8	3.4	2.6	0.1	0.6	0.2
Personal and other services	4.3	4.8	4.5	3.7	5.1	4.2	2.5	0.5	0.9	0.4
<b>All industries(a)</b>	<b>4.4</b>	<b>4.3</b>	<b>4.4</b>	<b>4.0</b>	<b>4.7</b>	<b>4.4</b>	<b>1.6</b>	<b>0.8</b>	<b>1.2</b>	<b>0.6</b>
ALL SECTORS										
Mining	2.9	4.1	4.9	3.2	4.9	5.7	1.4	0.7	1.3	2.2
Manufacturing	3.4	3.6	3.9	3.4	4.0	3.6	1.2	0.8	0.7	0.7
Electricity, gas and water supply	4.4	4.3	5.5	4.7	3.8	6.8	1.7	0.9	2.5	1.5
Construction	3.8	5.0	4.9	4.3	4.9	5.4	1.3	0.9	1.7	1.4
Wholesale trade	2.9	3.3	3.8	3.1	3.6	3.7	1.3	0.6	0.9	0.8
Retail trade	3.1	3.3	3.8	3.4	3.6	3.3	1.2	1.0	0.7	0.3
Accommodation, cafes and restaurants	2.7	2.8	3.3	2.2	3.2	3.3	1.4	1.1	0.5	0.3
Transport and storage	3.3	3.0	4.2	3.1	3.1	4.6	1.8	0.9	1.1	0.7
Communication services	3.5	3.4	3.3	3.5	3.2	3.4	1.2	1.3	0.4	0.4
Finance and insurance	3.3	4.0	4.1	3.6	4.4	3.9	0.8	1.1	0.5	1.5
Property and business services	3.5	3.1	3.7	3.3	3.4	4.0	1.4	0.6	1.2	0.7
Government administration and defence	4.7	4.3	4.3	4.3	4.9	3.9	1.4	1.1	0.9	0.4
Education	3.6	5.3	4.4	3.6	5.6	4.4	0.9	0.6	1.9	0.9
Health and community services	4.6	3.6	4.6	4.1	4.1	4.5	1.9	1.0	0.6	0.8
Cultural and recreational services	3.6	3.5	4.3	3.3	4.4	3.3	1.9	0.6	0.6	0.3
Personal and other services	3.4	3.7	3.8	3.1	4.0	3.8	1.7	0.6	0.9	0.6
<b>All industries</b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>	<b>3.5</b>	<b>4.1</b>	<b>4.1</b>	<b>1.4</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>

(a) Includes those industries not separately listed.

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication contains indexes measuring changes in the price of labour in the Australian labour market.

**2** The methodology used to construct the wage, non-wage and labour price indexes (LPI) is similar to that used for other price indexes such as the Consumer Price Index. In the LPI, index numbers are compiled using information collected from a representative sample of employee jobs within a sample of employing organisations. Individual indexes are compiled for various combinations of state/territory, sector (private/public), broad industry group and broad occupation group (wage price indexes only). For more detailed information on the methodology used in the construction of the LPI, refer to *Labour Price Index: Concepts, Sources and Methods* (cat. no. 6351.0.55.001).

### PUBLISHED INDEXES

**3** Four wage price indexes are constructed and published quarterly. These indexes were first compiled for the September quarter 1997, and cover:

- ordinary time hourly rates of pay excluding bonuses index
- ordinary time hourly rates of pay including bonuses index
- total hourly rates of pay excluding bonuses index
- total hourly rates of pay including bonuses index.

In these indexes the term 'bonuses' refers to bonuses and commissions.

**4** Four non-wage price indexes are constructed. These are financial year indexes and were first compiled for the 2001–02 financial year. The full set is updated annually in the September quarter LPI publication. In all other quarters a summary table is published as an appendix to the publication. The non-wage indexes cover:

- annual and public holiday leave
- superannuation
- payroll tax
- workers' compensation.

**5** From the individual wage and non-wage components a labour price index can be constructed. Two versions of the labour price index are produced and, like the non-wage price indexes, they are financial year indexes (first compiled for 2001–02):

- labour price index excluding bonuses
- labour price index including bonuses.

### DESIGN OF THE INDEXES

#### BROAD DESCRIPTION

**6** The wage, non-wage and labour price indexes measure changes over time in the price of labour unaffected by changes in the quality or quantity of work performed. A range of procedures have been developed to identify and measure quality and quantity changes and ensure that only pure price changes are reflected in the indexes.

**7** Price-determining characteristics of the jobs are detailed in fixed pricing specifications and any changes in labour payments due to changes in the pricing specifications are removed from index movements. The following are examples of changes in price-determining characteristics which are not reflected in index movements:

- changes in the nature of work performed (e.g. different tasks or responsibilities)
- changes in the quantity of work performed (e.g. the number of hours worked)
- changes in the characteristics of the job occupant (e.g. age, apprenticeship year, successful completion of training or a qualification, grade or level, experience, length of service, etc.)
- changes in location where the work is performed.

**8** Changes in the price of labour resulting from changes in the composition of the labour market are also excluded from index movements. To achieve this, price movements for each segment of the labour market (defined by state/territory, sector, industry and occupation) are combined using expenditure weights that remain constant between successive weighting base periods.

## EXPLANATORY NOTES *continued*

### WAGE PRICE INDEXES

**9** The *ordinary time hourly rates of pay indexes* that *exclude bonuses* measure quarterly changes in ordinary time hourly wage and salary rates. Changes in rates of pay reflected in these indexes (i.e. pure price changes) arise from a range of sources including award variations, enterprise and workplace agreements, centralised wage fixation, individual contracts and informal arrangements.

**10** These indexes are not affected by changes in:

- penalty payments for overtime, shifts, weekends and public holidays (which fluctuate depending on the number of hours paid at penalty rates)
- allowances (which fluctuate according to how much work is performed under special work conditions e.g. height, dirt, heat allowances)
- bonus payments (which may, or may not, relate to an individual's work performance).

These payments are specifically excluded when calculating ordinary time hourly wage and salary rates.

**11** The effect of rolling ordinary time penalty payments and allowances into ordinary time hourly rates is excluded from these indexes. However, when overtime penalty payments are rolled into ordinary time hourly rates, the ordinary time indexes will increase accordingly.

**12** The *total hourly rates of pay indexes* that *exclude bonuses* are based on a weighted combination of ordinary time hourly wage and salary rates (described in paragraphs 9 and 10) and overtime hourly rates. As a result, the total hourly indexes reflect changes in both the ordinary time and overtime hourly rates. However, the effect of changes in the amount of overtime paid at each overtime rate is not shown in these indexes.

**13** Only those indexes that *exclude bonuses* and commissions are pure price indexes because bonus and commission payments can reflect changes in the quality of work performed. No attempt is made to remove this quality element from the indexes that include bonuses and commissions.

**14** A review of the treatment of bonuses and commissions resulted in methodological changes in the March quarter 2006. Details of these changes and the likely impact on the indexes that include bonuses and commissions are included in Appendix 4.

### NON-WAGE PRICE INDEXES

**15** The *annual and public holiday leave index* is calculated using both ordinary time hourly wage and salary rates, and the amount of annual and public holiday leave offered by employers. Pure price changes in either of these variables will reflect in the index. The index specifically prices leave *entitlements* and therefore will not show changes due to fluctuations in the actual amount of leave taken by job occupants.

**16** The *superannuation index* is calculated using ordinary time hourly wage and salary rates, and the rate of superannuation that is paid by employers. Pure price changes in either of these variables will be reflected in the index. Superannuation payments equal to and above the legislated minimum specified in the *Superannuation Guarantee Act 1992* are included in the index. Amounts that are salary sacrificed to superannuation are included in the wage price indexes and not the superannuation index.

**17** The *payroll tax and workers' compensation indexes* are calculated differently to the other wage and non-wage indexes. As these costs are both levied at the employer level, the indexes are calculated using total payroll information rather than rates of pay data. The separate indexes are derived by applying either payroll tax rates/thresholds or workers' compensation premium rates to the total payroll data. The indexes reflect both pure price changes in total payroll and either changes in the payroll tax rates/thresholds or workers' compensation premium rates.

## EXPLANATORY NOTES *continued*

### NON-WAGE PRICE INDEXES

*continued*

**18** Data quality concerns exist in relation to the workers' compensation premium rates for the ACT private sector. Until these concerns are resolved, these data will be imputed based on industry averages across Australia. Workers' compensation index numbers for the ACT private sector will not be published separately.

### LABOUR PRICE INDEXES

**19** Two labour price indexes (one including bonuses and one excluding them) are constructed from the individual wage and non-wage components. As with the wage price indexes, only the labour price index that excludes bonuses is a pure price index because bonuses tend to reflect, at least partly, changes in the quality of work performed.

### SCOPE AND COVERAGE

**20** The target population of employers for the LPI is all employing organisations in Australia (private and public sectors) except:

- enterprises primarily engaged in agriculture, forestry or fishing
- private households employing staff
- foreign embassies, consulates, etc.

**21** All employee jobs in the target population of employers are in scope of the LPI, except the following:

- Australian permanent defence force jobs
- non-salaried directors
- proprietors/partners of unincorporated businesses
- persons paid by commission only
- working proprietors/owner managers of Pty Ltd companies
- employees on workers' compensation who are not paid through the payroll
- 'non-maintainable' jobs (i.e. jobs that are expected to be occupied for less than six months of a year)
- jobs for which wages and salaries are not determined by the Australian labour market (e.g. most employees of Community Development Employment Programs, or jobs where the remuneration is set in a foreign country).

**22** As such, full-time, part-time, permanent, casual, managerial and non-managerial jobs are in scope of the LPI. Costs incurred by employers for work undertaken by self-employed persons such as consultants and subcontractors are out-of-scope of the LPI, as they do not relate to employee jobs.

### DATA COLLECTION

**23** Information for the wage price indexes is collected each quarter by mail questionnaires from a sample survey of approximately 4,800 private and public sector employers selected from the ABS Business Register. In the first quarter they participate in the survey, each employer selects a sample of jobs from their workplace(s) using sampling instructions provided by the ABS, and provides information for these jobs, including detailed pricing specifications. In subsequent quarters they are asked to provide details of payments made to the current occupants of these same jobs. It is essential that the same jobs are priced in successive quarters, whether the individual job occupants are the same or not. Approximately 20,000 matched jobs are priced each quarter from the selected employers.

**24** The sampling method retains the highest possible common sample of employers over time, and retains the same sampled jobs within those employers where possible. However, it is also necessary to ensure the LPI continues to be relevant and representative over time. For these reasons, the employer sample is refreshed annually (for the December quarter) in a way that ensures a high proportion of common selections while allowing new employers to be represented in the sample. Refreshing the sample also allows the ABS to control the length of time that small businesses are included in the sample.

## EXPLANATORY NOTES *continued*

### DATA COLLECTION *continued*

**25** Between each annual refresh of the employer sample, a small number of employee jobs will be lost from the survey sample because of the closure of some businesses. In addition, some jobs in continuing businesses will be replaced in the sample because of restructuring and other job changes.

**26** Annual leave and superannuation information is collected from the same job sample as that used to construct the wage price indexes. However, data are only collected annually as part of the June quarter LPI survey. Changes in the job sample due to factors such as the annual refreshing of the employer sample, together with the requirement of pricing the same jobs in successive years, reduces the number of matched jobs used to calculate the annual and public holiday leave index and the superannuation index compared with the matched jobs underlying the wage price indexes.

**27** Information from administrative and other ABS data sources is used to construct the payroll tax and workers' compensation indexes, as well as the public holiday component of the annual and public holiday leave index.

### WEIGHTING

**28** In the LPI, as with other price indexes, expenditure weights are used to combine elementary aggregates into broader level indexes. These weights are derived from independent estimates of labour costs for each elementary aggregate. The estimates are sourced from the Major Labour Costs Survey, the Employee Earnings and Hours Survey and the Census of Population and Housing. The weights are updated for the December quarter each year to take account of changing employer expenditure patterns for labour among each segment of the labour market (elementary aggregates). They reflect changes in the distribution of the number of employee jobs among occupations, industries, states/territories and sectors, as well as changes in labour cost relativities. Appendix 1 shows the distribution of employers' expenditure on wages and salaries, for the December quarter 2005.

**29** To facilitate comparison of index numbers over time, the published indexes are not re-referenced (i.e. reset to 100.0) each time this re-weighting occurs. Instead, the series based on the old expenditure weights and that based on the new weights are linked via an arithmetic calculation, which is referred to as chaining. This provides a continuous series from the commencement of the index, while incorporating the updated expenditure weights.

### INTERPRETATION OF INDEX NUMBERS

**30** Index numbers in this publication measure changes in the price of labour between the commencement of the series and a later period. Index number levels cannot be compared across states/territories as they do not provide comparative information on the relative levels of labour costs. Similarly, index number levels cannot be compared across sectors, industries, or occupations. The usefulness of index numbers stems from the fact that index numbers for any two periods can be used to directly calculate the change or movement in the price of labour between the two periods. These *movements* can be compared across states/territories, sectors, industries, or occupations.

### PERCENTAGE CHANGE AND ROUNDING

**31** The published index numbers have been rounded to one decimal place, and the percentage changes (also rounded to one decimal place) are calculated from the rounded index numbers. In some cases, this can result in the percentage change for the total level of a group of indexes being outside the range of the percentage changes for the component level indexes. Seasonally adjusted and trend estimates are calculated from unrounded original indexes and then rounded to one decimal place.

## EXPLANATORY NOTES *continued*

### INDEX MOVEMENTS

**32** Movements in indexes from one period to another can be expressed either as changes in index points or as percentage changes. In this publication, percentage changes are calculated to illustrate three different kinds of movements in indexes:

- movements between consecutive quarters
- movements between corresponding quarters of consecutive years (i.e. changes "through the year")
- movements between consecutive financial years.

**33** The following example illustrates the method of calculating changes in index points and percentage changes between any two periods:

*Total hourly rates of pay excluding bonuses*, All Sectors, Australia  
Index numbers, seasonally adjusted (see table 1)

June quarter 2006	109.7
less June quarter 2005	105.4
Change in index points	4.3
Percentage change	$4.3/105.4 \times 100 = 4.1\%$

### FINANCIAL YEAR INDEXES

**34** Index numbers for financial years are calculated as simple (arithmetic) averages of the four quarterly index numbers for the financial year. As the wage price indexes were first produced for the September quarter 1997, the first financial year index number that can be calculated is for 1997–98. Consequently, the first percentage change between financial years that can be calculated is between 1997–98 and 1998–99. The following example illustrates the method of calculating the financial year index number for 2005–06:

*Total hourly rates of pay excluding bonuses*, Australia  
Index numbers (see table 2)

September quarter 2005	106.6
plus December quarter 2005	107.5
plus March quarter 2006	108.6
plus June quarter 2006	109.5
Financial year 2005–06	$432.2/4 = 108.1$

**35** Percentage changes between the index numbers for any two financial years can be calculated using the method outlined in paragraph 33 above.

### SEASONALLY ADJUSTED INDEXES

**36** Seasonally adjusted estimates are derived by estimating and removing systematic calendar related effects from the original series. In most economic data these calendar related effects are a combination of the classical seasonal influences (e.g. the effect of the weather, social traditions or administrative practices) plus other kinds of calendar related variation, such as trading day, Easter or the proximity of significant days in the year (e.g. Christmas). In the seasonal adjustment process, both seasonal and other calendar related factors evolve over time to reflect changes in activity patterns. The seasonally adjusted estimates still reflect the sampling and non-sampling errors to which the original estimates are subject.

**37** The *total hourly rates of pay excluding bonuses index* is the only index of the LPI that is seasonally adjusted. Institutional effects largely drive the seasonality of this index. Important factors in determining this seasonality are the timing of effect of Australian workplace agreements and certified agreements, the length of these agreements, and the timing of significant centralised wage hearings that impact on award rates of pay. A significant institutional change in wage setting arrangements, for example WorkChoices, could affect the seasonality of the index. The ABS does monitor the effects of any such change and will advise users of the reliability of the seasonally adjusted series during any transition period.

## EXPLANATORY NOTES *continued*

### CONCURRENT SEASONAL ANALYSIS

**38** The LPI uses a concurrent seasonal adjustment methodology to derive the adjustment factors. This method uses the original time series available at each reference period to estimate seasonal factors for the current and previous quarters. Concurrent seasonal adjustment is technically superior to the more traditional method of reanalysing seasonal patterns once each year because it uses all available data to fine tune the estimates of the seasonal component each quarter. It eliminates the need to use projected seasonal factors, and results in substantial gains in accuracy and consistency of the seasonally adjusted series. With concurrent analysis, the seasonally adjusted series are subject to revision each quarter as the estimates of the seasonal factors are improved. In most instances, the only noticeable revisions will be to the combined adjustment factors for the previous quarter and for the same quarter in the preceding year as the reference quarter (i.e. if the latest quarter is  $Q_t$ , then the most significant revisions will be to  $Q_{t-1}$  and  $Q_{t-4}$ ).

### TREND ESTIMATES

**39** Trend is a measure of the underlying direction of a series. The ABS trend estimates are derived by applying a 7-term Henderson-weighted moving average to all quarters of the respective seasonally adjusted indexes except the first three and last three quarters. Trend estimates are created for these quarters by applying surrogates of the 7-term Henderson weighted moving average to the seasonally adjusted indexes, tailored to each time series. In general, trend estimates give a better indication of underlying behaviour than the seasonally adjusted estimates. Please refer to the ABS Information Paper, *A Guide to Interpreting Time Series - Monitoring Trends* (cat. no. 1349.0).

### REFERENCE BASE PERIOD

**40** The reference base period of an index series is that period for which the value of the index is set to 100.0. It is most commonly a year but can also be a different length of time, ranging from two or three years down to a single quarter. It often coincides with the weighting base for the series, but this is not essential. The September quarter 1997 was used as the original reference base for the wage price indexes as it was the first quarter for which data was available.

**41** With the introduction of the non-wage price indexes, all indexes are presented on a reference base of 2003–04. An explanation of the re-referencing process is included in Appendix 2 of this publication.

### REVISIONS TO INDEXES

**42** Original index numbers will be released as final figures at the time they are first published. Revisions will only occur in exceptional circumstances. Trend and seasonally adjusted indexes for some quarters will be revised as extra quarters are included in the series analysed for seasonal influences (see paragraphs 36 to 39).

### RELATED PUBLICATIONS

**43** Users may also wish to refer to the following publications which are available on the ABS website <<http://www.abs.gov.au>>:

*Information Paper: Labour Price Index, Australia, 2004*, cat. no. 6363.0

*Labour Price Index: Concepts, Sources and Methods*, cat. no. 6351.0.55.001

*Australian Labour Market Statistics*, cat. no. 6105.0

*Average Weekly Earnings, Australia*, cat. no. 6302.0

*Consumer Price Index, Australia*, cat. no. 6401.0

*House Price Indexes, Eight Capital Cities*, cat. no. 6416.0

*International Trade Price Indexes, Australia*, cat. no. 6457.0

*Producer Price Indexes, Australia*, cat. no. 6427.0

*Australian Consumer Price Index: Concepts, Sources and Methods*, cat. no. 6461.0

**44** Current publications and other products released by the ABS are listed in the *Catalogue of Publications and Products* (cat. no. 1101.0). The Catalogue is available from any ABS office or the ABS web site. The ABS also publishes *Future releases* on the web site which details products to be released in the week ahead.

**EXPLANATORY NOTES** *continued*

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ABS DATA AVAILABLE ON  
REQUEST

**45** As well as the statistics included in this and related publications, the ABS may have other relevant data available on request. Inquiries should be made to David Taylor on Perth (08) 9360 5151 or the National Information and Referral Service on 1300 135 070.



# APPENDIX 1 DISTRIBUTION OF EXPENDITURE ON WAGES

AS UPDATED DECEMBER  
QUARTER 2005

## A1 DISTRIBUTION OF EMPLOYERS' TOTAL EXPENDITURE ON WAGES AND SALARIES (a)

	Private	Public	All sectors
	%	%	%
<b>Sector by State/Territory</b>			
New South Wales	36.6	34.4	36.1
Victoria	26.9	20.3	25.2
Queensland	16.3	19.1	17.0
South Australia	6.9	6.7	6.9
Western Australia	9.6	8.8	9.4
Tasmania	1.6	2.4	1.8
Northern Territory	0.8	1.9	1.1
Australian Capital Territory	1.2	6.4	2.6
<b>Australia</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Sector by broad occupation group (b)</b>			
Managers and administrators	13.6	11.9	13.1
Professionals	19.6	42.0	25.4
Associate professionals	12.9	15.6	13.6
Tradespersons and related workers	12.8	5.3	10.8
Advanced clerical, sales and service workers	3.6	2.1	3.2
Intermediate clerical, sales and service workers	14.5	14.2	14.4
Intermediate production and transport workers	10.2	3.2	8.4
Elementary clerical, sales and service workers	6.2	3.5	5.5
Labourers and related workers	6.8	2.2	5.6
<b>All occupations</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Sector by broad industry group (c)</b>			
Mining	3.1	(d)	2.3
Manufacturing	20.9	(d)	15.5
Electricity, gas and water supply	1.0	(d)	1.5
Construction	6.1	(d)	4.9
Wholesale trade	8.1	(d)	6.0
Retail trade	12.0	(d)	9.0
Accommodation, cafes and restaurants	4.0	(d)	3.0
Transport and storage	5.4	(d)	4.9
Communication services	1.5	(d)	2.9
Finance and insurance	7.6	(d)	5.9
Property and business services	14.1	(d)	11.4
Government administration and defence	. .	25.8	6.8
Education	3.7	24.5	9.2
Health and community services	8.4	19.0	11.3
Cultural and recreational services	1.9	2.3	1.9
Personal and other services	2.1	6.5	3.3
<b>All industries</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

. . not applicable

(a) Components may not sum to 100.0 due to rounding.

(b) Classified according to the *Australian Standard Classification of Occupations (ASCO), Second Edition* (cat. no. 1220.0).

(c) Classified according to *Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993* (cat. no. 1292.0)

(d) For the public sector, these industries are combined and included in the 'All industries' total.

## APPENDIX 2 RE-REFERENCING THE WAGE PRICE INDEX

### REFERENCE BASE

The reference base of an index series is that period for which the value of the index is set to 100.0. For the wage price indexes, the September quarter 1997 was used as the original reference base, as it was the first quarter for which data was available. With the introduction of the non-wage and labour price indexes, all indexes are now presented on a reference base of 2003–04.

### CONVERTING A SERIES TO THE NEW REFERENCE BASE

The conversion of series from the old base to the new base involves a rescaling of the index numbers. The conversion factor that should be applied to the index numbers is calculated by obtaining the ratio of the index numbers on the old and new bases for the new reference period.

The conversion factor is calculated using the *unrounded* index number for the 2003–04 financial year. The calculation of financial year indexes is outlined in paragraph 34 of the Explanatory Notes.

For example, for the *total hourly rates of pay excluding bonuses index* for Australia, an arithmetic conversion factor is obtained as follows:

Index number for year 2003–04 (on base September quarter 1997 = 100.0) is  
123.075

Index number for year 2003–04 (on base 2003–04 = 100.0) is 100.0

Conversion factor  $100/123.075 = 0.8125$

The factor 0.8125 may be multiplied by any *total hourly rates of pay excluding bonuses index* number for Australia on the old reference base to give the corresponding number on the new reference base. The procedure shown in the above example may be followed in respect of any specific index series for which index numbers have been published on the old reference base.

### ROUNDING

Index numbers and percentage changes are always published to one decimal place, with the percentage changes being calculated from the rounded index numbers. Index numbers for periods longer than a single quarter (e.g. for financial years) are calculated as the simple arithmetic average of the relevant rounded quarterly index numbers. The conversion factor described above is applied to the rounded index numbers.

A consequence of re-referencing price indexes can be that period to period percentage changes calculated using re-referenced index number series may differ slightly from those calculated using the original series. These differences do not constitute a revision of the index but simply reflect the effect of rounding.

### CONVERTING THE RE-REFERENCED SERIES BACK TO THE PREVIOUS BASE

The conversion of series from the new base to the old base also involves a rescaling of the index numbers. The rescaling factor is obtained by taking the inverse of the previously described scaling factor.

For example, for the *total hourly rates of pay excluding bonuses index* for Australia, the rescaling factor is obtained as follows:

Index number for year 2003–04 (on base September quarter 1997 = 100.0) is  
123.075

Index number for year 2003–04 (on base 2003–04 = 100.0) is 100.0

Conversion factor  $123.075/100 = 1.2308$

The factor 1.2308 may be multiplied by any *total hourly rates of pay excluding bonuses index* number for Australia on the new reference base to give the corresponding number on the old reference base.

Conversion factors for most of the published *total hourly rates of pay excluding bonuses indexes* are provided in table A2. Additional factors can be obtained using the formulas above or by contacting David Taylor on Perth (08) 9360 5151.

## APPENDIX 2 RE-REFERENCING THE WAGE PRICE INDEX *continued*

### CONVERSION FACTORS

**A2** FACTORS USED TO CONVERT INDEX NUMBERS, From old reference base (September quarter 1997 = 100.0) to new (2003-04 = 100.0)

	<i>Private</i>	<i>Public</i>	<i>All sectors</i>
<b>Australia</b>	<b>0.8175</b>	<b>0.7976</b>	<b>0.8125</b>
Sector by state/territory			
New South Wales	0.8130	0.7765	0.8047
Victoria	0.8167	0.8092	0.8152
Queensland	0.8263	0.8010	0.8193
South Australia	0.8168	0.7992	0.8119
Western Australia	0.8155	0.8187	0.8165
Tasmania	0.8365	0.8225	0.8319
Northern Territory	0.8412	0.8132	0.8299
Australian Capital Territory	0.8165	0.8168	0.8172
Sector by industry(a)			
Mining	0.8273	..	0.8268
Manufacturing	0.8078	..	0.8079
Electricity, gas and water supply	0.7949	..	0.7803
Construction	0.7979	..	0.7982
Wholesale trade	0.8304	..	0.8304
Retail trade	0.8457	..	0.8455
Accommodation, cafes and restaurants	0.8386	..	0.8391
Transport and storage	0.8372	..	0.8316
Communication services	0.8203	..	0.8229
Finance and insurance	0.8003	..	0.8013
Property and business services	0.7981	..	0.7981
Government administration and defence	..	0.8055	0.8055
Education	0.8073	0.7908	0.7960
Health and community services	0.8239	0.7837	0.8056
Cultural and recreational services	0.8290	0.8175	0.8256
Personal and other services	0.8389	0.7900	0.8158
Sector by occupation(b)			
Managers and administrators	0.8100	0.7998	0.8076
Professionals	0.7998	0.7896	0.7959
Associate professionals	0.8237	0.7971	0.8160
Tradespersons	0.8187	0.7970	0.8157
Advanced clerical and service workers	0.8266	0.7997	0.8229
Intermediate clerical, sales and related workers	0.8256	0.8053	0.8205
Intermediate production and transport workers	0.8261	0.8066	0.8241
Elementary clerical, sales and service workers	0.8395	0.8035	0.8321
Labourers and related workers	0.8280	0.7981	0.8239

.. not applicable

(a) Classified according to *Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993* (cat. no. 1292.0).

(b) Classified according to the *Australian Standard Classification of Occupations (ASCO), Second Edition* (cat. no. 1220.0).

## APPENDIX 3 SUMMARY OF NON-WAGE & LABOUR PRICE INDEXES

NON-WAGE AND LABOUR  
PRICE INDEXES

### A3 LPI AND NON-WAGE INDEXES (a), Sector

	INDEX NUMBERS(b)				CHANGE FROM PREVIOUS FINANCIAL YEAR(%)		
	2001-02	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05
ANNUAL AND PUBLIC HOLIDAY LEAVE							
Private	94.6	97.8	100.0	104.7	3.4	2.2	4.7
Public	93.0	96.6	100.0	105.3	3.9	3.5	5.3
All sectors	94.2	97.5	100.0	104.9	3.5	2.6	4.9
SUPERANNUATION							
Private	85.1	96.6	100.0	103.9	13.5	3.5	3.9
Public	90.2	95.9	100.0	104.5	6.3	4.3	4.5
All sectors	86.2	96.4	100.0	104.0	11.8	3.7	4.0
PAYROLL TAX							
Private	94.3	96.9	100.0	103.6	2.8	3.2	3.6
Public	94.5	96.5	100.0	104.4	2.1	3.6	4.4
All sectors	94.3	96.8	100.0	103.8	2.7	3.3	3.8
WORKERS' COMPENSATION							
Private	92.4	97.4	100.0	100.4	5.4	2.7	0.4
Public	89.5	94.3	100.0	103.5	5.4	6.0	3.5
All sectors	91.8	96.8	100.0	101.0	5.4	3.3	1.0
LABOUR PRICE INDEX EXCLUDING BONUSES							
Private	92.9	96.9	100.0	103.6	4.3	3.2	3.6
Public	92.2	95.8	100.0	104.4	3.9	4.4	4.4
All sectors	92.8	96.6	100.0	103.8	4.1	3.5	3.8

(a) Refer to paragraphs 3 to 5 of Explanatory Notes for a description of the indexes.

(b) Reference base of each index: 2003-04 = 100.0.

## APPENDIX 4 TREATMENT OF BONUSES & COMMISSIONS IN THE LPI

### BONUSES AND COMMISSIONS

Data on bonuses and commissions have been collected since the commencement of the Wage Price Index (WPI) series in September quarter 1997. These data are reflected in the wage price indexes for ordinary time hourly rates of pay including bonuses, and for total hourly rates of pay including bonuses. For ease of reference the indexes are referred to as 'including bonuses', however they include both bonuses and commissions.

Bonuses and commissions may be paid to employees in addition to regular wage or salary payments. They generally relate to the performance of either the individual in the job or the business as a whole. No attempt has been made to remove this performance or quality element from the price of bonuses. However, for commissions, which are identified as those payments that are a percentage of the value of sales made, changes in the price were considered more likely to reflect variation in the performance of the individual than pure price movements. For this reason, quality adjustments were made in the past to remove any changes in the price of commissions.

A recent review of the methodology for the treatment of bonuses and commissions determined that it was not feasible to accurately quality adjust the price. However, the review also concluded that the extent of quality change associated with a change in the price of bonuses and commissions was minimal, with the bulk of the change more likely to be an actual change in the "price" underlying the bonuses and commissions paid. Therefore, the review's findings, while consistent with the current treatment of bonuses, required that the treatment of commissions be amended.

Consider a real estate agent who receives a quarterly commission based on the number of properties sold. An increase or decrease in the amount of commission received from one quarter to the next is more likely to reflect the state of the housing market rather than a change in the ability or performance of the real estate agent. Given that the WPI is a measure of the change in the price of labour inputs regardless of the outcomes achieved, it would be more accurate to treat a large part of such a change as a genuine change in the price of commission. In practice, it is impossible to identify the quality component of a commission with any degree of certainty and so it becomes necessary to treat them as either all price change or all quality change. Treating it as all price change is considered to be less inaccurate than the alternative of treating it as all quality change.

Commencing from the March quarter 2006, all changes in the price of commissions will be treated as price movements. At the same time, changes have been implemented to allow wage and salary quality adjustments to be made without affecting the price of bonuses and commissions. This was previously not possible.

It should be noted that while it is considered indexes constructed using the new methodology will provide a better estimate of the change in the price of labour, they will continue to be a combination of a pure price index and a form of unit value (i.e. total value divided by quantity), with changes in quality or quantity affecting the bonus component. As a result, only those wage price indexes that exclude bonuses and commissions can be considered pure price indexes. However, those series that include bonuses and commissions will provide extra information about the extent to which the incidence and size of these payments are changing over time.

It is expected that this change in methodology will result in a divergence between the indexes that include bonuses and commissions and those which exclude them. To assist in the analysis of this methodological change, the ABS has developed an analytical series which provides an estimate of the index numbers, since the September quarter 2001, based on the new methodology. The analytical series is not a revision to the published series. It is important to note that the analytical series has been calculated using the information currently available about earlier reference periods. It is therefore possible that the analytical series produced may be different to one calculated contemporaneously using the new pricing methodology because it is not possible to

# APPENDIX 4 TREATMENT OF BONUSES & COMMISSIONS IN THE LPI

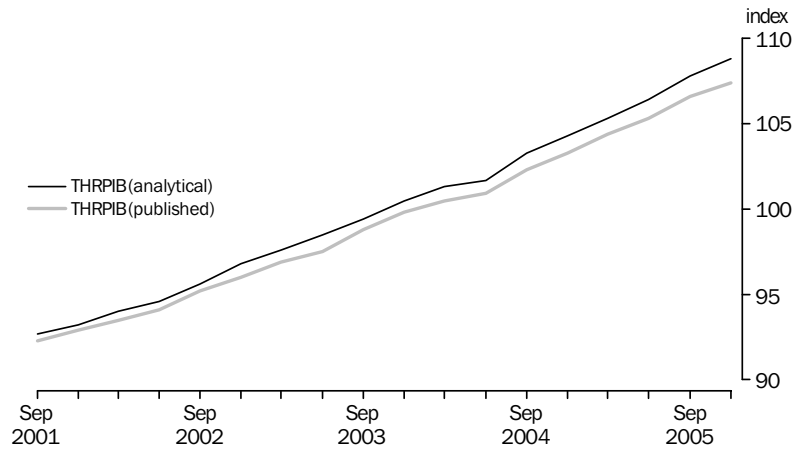
*continued*

BONUSES AND COMMISSIONS  
*continued*

replicate the procedures that might have been applied when the information on bonuses and commissions was first received from businesses.

The graph below indicates the difference between the published series and the analytical series developed using the new methodology.

TOTAL HOURLY RATES OF PAY INCLUDING BONUSES, AUSTRALIA



The analytical series has been produced for the indexes of ordinary time hourly rates of pay including bonuses and total hourly rates of pay including bonuses, at the Australia and sector level. These indexes are available on request by contacting David Taylor on (08) 9360 5151 or by email <david.taylor@abs.gov.au>.

## GLOSSARY

<b>Annual and public holiday leave index</b>	Measures changes in the price of annual and public holiday leave (see Explanatory Notes paragraph 15).
<b>Bonuses</b>	Payments made to a job occupant that are in addition to regular wages and salaries and which generally relate to the job occupant's, or the organisation's, performance. In the LPI, the term 'bonuses' refers to bonuses and commissions.
<b>Elementary aggregates</b>	The finest aggregations of jobs, in terms of state/territory, sector, industry group and occupation group, for which expenditure weights are available.
<b>Employee job</b>	A job for which the occupant receives remuneration in wages, salary, payment in kind, or piece rates.
<b>Employer</b>	Organisation with one or more employees.
<b>Expenditure weights</b>	A measure of the relative importance of each elementary aggregate, based on employers' total expenditure on the LPI component being considered (e.g. wages and salaries, superannuation, etc.). Expenditure weights are used to combine elementary aggregate indexes into broader level indexes.
<b>Index number</b>	Measures the ratio of the price of labour between the commencement of the index series and a later period.
<b>Industry</b>	Classified according to the <i>Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993</i> (cat. no. 1292.0).
<b>Labour price index</b>	Measures changes in the price of labour. Includes wages and salaries, overtime, bonuses (only in the labour price including bonuses index), annual and public holiday leave, superannuation, payroll tax and workers' compensation (see Explanatory Notes paragraph 19).
<b>Occupation</b>	Classified according to the <i>Australian Standard Classification of Occupations (ASCO), Second Edition</i> (cat. no. 1220.0).
<b>Ordinary time hourly rates of pay index</b>	Measures quarterly change in ordinary time hourly rates of pay (see Explanatory Notes paragraphs 9 and 10).
<b>Ordinary time hours</b>	Award, standard or agreed hours of work paid for at the ordinary rate.
<b>Overtime hours</b>	The number of hours paid for in excess of ordinary time hours, based on the data for the first quarter a selected job is included in the survey.
<b>Payroll tax index</b>	Measures changes in the price of payroll tax (see Explanatory Notes paragraph 17).
<b>Reference base period</b>	The period for which an index series is given the value of 100.0. The current reference base for the LPI is the 2003–04 financial year.
<b>Sector</b>	Public sector comprises local government authorities and all government departments and agencies created by, or reporting to, the Commonwealth, or state/territory parliaments. The private sector comprises all organisations not classified as public sector.
<b>Seasonal adjustment</b>	Process of removing systematic calendar related effects from the original series (see Explanatory Notes paragraphs 36–38).
<b>Superannuation index</b>	Measures changes in the price of superannuation (see Explanatory Notes paragraph 16).
<b>Total hourly rates of pay index</b>	Measures quarterly change in combined ordinary time and overtime hourly rates of pay (see Explanatory Notes paragraph 12).
<b>Trend</b>	A measure of the underlying direction of a series (see Explanatory Notes paragraph 39).
<b>Wage price index</b>	Measures changes in the price of wages.
<b>Weighting base</b>	The period to which the expenditure weights relate.
<b>Workers' compensation index</b>	Measures changes in the price of workers' compensation (see Explanatory Notes paragraph 17).

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